

CCXAP assigns BBB_g+ to Chengdu Xingjin Construction Development & Investment Group Co., Ltd.'s proposed CNY bonds

Hong Kong, 14 June 2024 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of BBB_g+ to the proposed CNY bonds to be issued by Chengdu Xingjin Construction Development & Investment Group Co., Ltd. (“XCDI” or the “Company”) (BBB_g+ / stable).

The bonds constitute direct, unconditional, unsubordinated, and unsecured obligations of XCDI, which shall at all times rank pari passu with all the Company’s other present and future unsecured and unsubordinated obligations. The Company intends to use the proceeds for repayment of existing offshore debt due within a year.

Corporate Profile

Founded in 2015, formerly known as Chengdu Hengrongjin Investment Co., Ltd., XCDI is one of the major Infrastructure construction and asset operation entities in Jinjiang District. The Company is primarily responsible for infrastructure construction, and urban renewal in Jinjiang District. Apart from public projects, the Company also derives revenue from commercial businesses such as property sales, shantytown renovation, regional comprehensive development, property leasing and capital lending. As of 31 December 2023, XCDI was wholly owned by Chengdu Jinjiang Investment Development Group Co., Ltd. (“JJID”), and ultimately controlled by the State-owned Assets Supervision and Administration Commission of Jinjiang District, Chengdu City (“Jinjiang SASAC”).

Rating Rationale

XCDI’s senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its dominant position in the infrastructure construction in Jinjiang District, thereby mitigating any differences in an expected loss that could result from structural subordination.

The BBB_g+ long-term credit rating of XCDI reflects Jinjiang District Government’s very strong capacity to provide support, and its very high willingness to support the Company based on our assessment of the Company’s characteristics. Our assessment of Jinjiang District Government’s capacity to provide support reflects that Jinjiang District is one of the five core districts of Chengdu City, with stable economic growth and good fiscal strengths.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) regional franchising of public projects within the Third Ring Road of Jinjiang District; (2) high sustainability of the public projects; (3) good access to funding, with low financing cost; and (4) track record of receiving support from the local government. However, the rating is constrained by the Company’s (1) moderate exposure to commercial activities; and (2) rapid debt growth and moderate assets liquidity.

Rating Outlook

The stable outlook on XCDI's rating reflects our expectation that the local government's capacity to support the Company will remain stable, and the Company will maintain its dominant position in the infrastructure construction in Jinjiang District.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as improved debt management.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as higher commercial business risk and reduced government payments.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:

http://www.ccxap.com/en/rating_services/category/6/

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